

Historic, Archive Document

Do not assume content reflects current
scientific knowledge, policies, or practices.

HD176
A2E3

5

FAS REPORT

United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 28-81

WASHINGTON, July 15--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

In CHINA, moderate to heavy rainfall has been occurring in July over most of the north, northeast and northwest portions of the country. According to the New China News Service, the persistent drought in north China is basically over and the recent rainfall was extremely beneficial for autumn harvested crops. The rainfall was too late to assist this year's winter wheat in the three top producing provinces of Hebei, Henan and Shandong, but was beneficial for fall harvested coarse grains, which normally account for over 60 percent of the total grain outturn in the region. July and August are normally high rainfall months in the region, and if good rains continue, yield prospects for fall harvested grains will improve substantially.

INDIA resumed large-scale purchases of wheat from the United States during the past several days, the first since 1977. As recorded under the Export Sales Reporting System, sales contracts on July 8, 9 and 10 totaled 1.375 million tons. About two-thirds of this amount--905,000 tons--was Western White wheat and the balance--470,000 tons--was Hard Red Winter wheat. While all of the Western White will be shipped from Pacific Northwest ports, shipment of the Hard Red Winter will be made through Gulf and Pacific ports. The eventual total from the first invitations to bid should approximate 1.6 million tons and plans for a second round of bids in about one month could boost India's total imports to 3 to 4 million tons.

The need to import significant amounts of wheat is a consequence of a drawdown of official government stocks over the past several years because of growing domestic consumption and lower-than-targeted levels of domestic wheat procurement. Wheat procured domestically is released at subsidized prices through the government's network of fair-price shops, which absorb approximately 20 percent of the country's total wheat output.

-more-

MARY FRANCES CHUGG, Editor. Tel. (202) 447-3370, 447-2381. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. (202) 447-7937.

U.S.D.A.
NAT'L AGRIC LIBRARY
18 '81
CONTROL AN
RECORDS

The EUROPEAN COMMUNITY (EC) authorized record level exports of 1.6 million tons of wheat and barley during the first two weeks of the 1981/82 export campaign. During the second week, authorizations were made for exports of 907,000 tons of soft wheat and barley, surpassing the first week's record level. Barley authorizations were a record 740,000 tons at a maximum subsidy of about \$55 per ton. Wheat export authorizations for 167,000 tons were at a maximum subsidy of about \$68 per ton.

Sharply higher export authorizations reflect a continuing aggressive EC export policy, indicating that the EC Commission may prefer to pay direct export subsidies, rather than incur intervention costs, to shift surplus wheat and barley into export channels. New-crop grain sales into intervention stocks are normally heavy during the first few months of the new marketing season beginning Aug. 1, and the EC currently faces the prospect of another large grain harvest.

OILSEEDS AND PRODUCTS

INDIA recently increased its supply of imported vegetable oils used in manufacturing vanaspati to 70 percent of requirements, compared with 55 percent previously. Vanaspati prices are expected to continue unchanged at 192 rupees per tin of 16.5 kilograms or US \$1.42. India's vanaspati production approximated 700,000 tons in 1980, compared with 458,000 tons in 1975.

Domestic production of oils and fats during 1975-80 declined slightly, while population increased just over 10 percent. Based on data reported by trading partners, oil equivalent shipments of oilseeds, oils and fats to India rose from 82,000 tons in 1975 to over 1.4 million tons in 1980. The substantial gain in fats and oils imports during this period made it possible for India to expand its rather low per capita fat consumption from about 5.2 kilograms in 1975 to around 6.6 kilograms in 1980.

THE NETHERLANDS continues to be an important supplier of soy products to the Soviet Union. During Oct. 1, 1980 - April 30, 1981, Dutch exports to the Soviet Union totaled 309,188 tons of soybean meal, compared with 44,267 in the same period of 1979/80, and 30,050 tons of soybean oil, compared with a negligible volume in 1979/80. For the entire 1979/80 season, the Netherlands exported 334,355 tons of soybean meal and negligible amounts of soybean oil to the Soviet Union.

Dutch press and trade sources reported that the total Dutch contract with the Soviet Union for the 1980/81 season (Oct.-Sept.) amounts to 374,000 tons of soybean meal and 30,000 tons of soybean oil.

-more-

DAIRY, LIVESTOCK AND POULTRY

In VENEZUELA, current feed shortages caused by bad weather are resulting in an expansion of U.S. poultry exports, despite government efforts to encourage local producers to expand poultry production. Through May 1981, U.S. exports totaled 10,583 tons, 164 percent above the level for the same period a year ago. Most of the increase is in fowl (older chickens) and chicken parts. Venezuelan importers are optimistic for exports during the remainder of the year as consumers appear to prefer U.S. poultry products. Currently, the United States is the sole supplier of poultry meat to this market.

TOBACCO

In the UNITED KINGDOM, the excise tax on cigarettes was raised by 3 pence (6 U.S. cents) per pack on July 8, the second increase this year. Also, pipe tobacco taxes were raised by the same amount. The increase is aimed at recouping tax revenue losses resulting from a smaller than planned increase in the taxes on diesel fuel. The U.K. tobacco industry has decried the tax hike and forecasts further sales losses and possible unemployment as a result.

The high taxes may lead to a new price war among cigarette manufacturers. After the March tax increase, manufacturers made promotional price cuts but cigarette sales fell nevertheless by 15 percent and are currently about 11 percent below last year's level.

HORTICULTURAL AND TROPICAL PRODUCTS

BRAZIL'S sugar and alcohol production plan for 1981/82 calls for the output of 8.6 million tons of sugar (raw value) and 4.3 billion liters of alcohol. This implies increases of 4.9 and 5.7 percent, respectively, over the 1980/81 goals. Of the total sugar production, 2.38 million tons is expected to be available for export and the remainder for domestic consumption.

The economic provisions of the new INTERNATIONAL COCOA AGREEMENT (ICCA) will be provisionally put into force among seventeen countries as of Aug. 1. This decision was made at the June 29-30 UNCTAD cocoa meeting in Geneva under paragraph 3, Article 66 of the ICCA, which provides that governments which have deposited provisional instruments of ratification may decide whether to apply the agreement among themselves.

Consuming countries involved in this action are: Argentina, Finland, German Democratic Republic, Hungary, Norway, Sweden, Switzerland and the USSR. Producers are: Brazil, Cameroon, Ecuador, Ghana, Mexico, Nigeria,

-more-

Papua New Guinea, Peru and Venezuela. Currently, world cocoa prices are well below the \$1.10 to \$1.50 per pound price range stipulated in the new ICCA.

The Executive Board of the INTERNATIONAL COFFEE ORGANIZATION (ICO) voted during the June 30 - July 3 meeting for an immediate fourth-quota cut of 1.4 million bags (60 kilograms each) for exporting members entitled to a basic quota. The decision to make an unscheduled fourth cut in the marketing year quotas for 1980/81 was based on the 27 to 28 cents per pound decline in coffee prices this year. The ICO indicator price fell from a high on Jan. 23 of 125.58 cents to 98.39 cents per pound on June 29. The cut will be restored if the ICO's twenty-day moving average indicator price reaches 115 U.S. cents per pound, unless the Board should decide otherwise.

BRAZIL'S 1980 export earnings from cocoa beans and semiprocessed cocoa products fell sharply from year earlier levels, reflecting a smaller 1979/80 harvest and lower world prices. Exports in 1980 totaled \$700.8 million, 26 percent below 1979 shipments valued at \$947.7 million. Because of a further decline in world prices, Brazil's 1981 foreign exchange earnings from cocoa are expected to fall even more, despite a record 1980/81 harvest and an anticipated larger export volume.

Brazil's 1980 cocoa exports were as follows, in U.S. dollars per ton: cocoa beans, 123,580 tons, \$291.69 million; chocolate liquor, 68,060 tons, \$219.25 million; cocoa butter, 26,751 tons, \$158.19 million; cocoa cake, 24,609 tons, \$25 million; unsweetened cocoa powder, 2,378 tons, \$2.45 million and sweetened cocoa powder, 8,437 tons, \$4.17 million.

-more-

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	July 14, 1981	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWRS-12.5%.....	240.00	6.53	+15
U.S. No. 2 DNS/NS: 14%.....	194.00	5.28	-11
U.S. No. 2 DHW/HW: 13.5%.....	202.00	5.50	-19
U.S. No. 2 S.R.W.....	158.00	4.30	+03
U.S. No. 3 H.A.D.....	199.00	5.42	-04
Canadian No. 1 A: Durum.....	1/	1/	1/
Feed grains:			
U.S. No. 3 Yellow Corn.....	161.50	4.10	+08
U.S. No. 2 Sorghum 2/.....	164.00	4.17	+21
Feed Barley 3/.....	147.00	3.20	+06
Soybeans:			
U.S. No. 2 Yellow.....	306.00	8.33	+33
Argentine 4/.....	302.00	8.22	+37
U.S. 44% Soybean Meal (M.T.)..	257.00	--	+5.00 5/
EC Import Levies			
Wheat 6/.....	84.55	2.30	-37
Barley.....	77.15	1.68	-08
Corn.....	56.60	1.44	-26
Sorghum.....	52.50	1.33	-25

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis August delivery.

**UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250**

**OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300**

**POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE**



**AGR 101
FIRST CLASS**

If you no longer need this publication, check here _____ and return this sheet and/or envelope in which it was mailed and your name will be dropped from mailing list.

If your address should be changed _____ PRINT OR TYPE the new address, including ZIP CODE and return the whole sheet and/or envelope to:

FOREIGN AGRICULTURAL SERVICE, Room 5918 So.
U.S. Department of Agriculture
Washington, D.C. 20250